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SUBJECT: DEPUTY SECRETARY STEINBERG'S MAY 15 MEETING WITH GREEK PM
KARAMANLIS

CLASSIFIED BY: Daniel V. Speckhard, Ambassador, State, Exec; REASON:
1.4(B), (D)

¶1. (C) SUMMARY: In his May 15 meeting with Greek PM Karamanlis (accompanied by FM Bakoyiannis), Deputy Secretary Steinberg outlined our strategic vision for broadening the U.S.-Greece relationship. The Deputy Secretary reviewed key global challenges where we could work more closely together, including non-proliferation, counter-piracy measures, and outreach to the Muslim world. PM Karamanlis agreed, pressing for cooperation on regional issues as well. Karamanlis acknowledged that the Macedonia name issue remained an impediment to Greece's overall support for integration of Balkan countries into Euro-Atlantic institutions. The Deputy Secretary suggested confidential talks with UN mediator Nimetz once European Parliament elections were concluded June 7. While protesting Turkey's increased overflights of Greek islands, Karamanlis was also focused on broader reforms and EU consideration of Turkey's candidacy this December; the Deputy Secretary welcomed Greek ideas. The Deputy Secretary thanked Greece for its increased contributions to Afghanistan operations and its involvement in counter-piracy initiatives. He emphasized the need for energy diversity, while pointing out (in response to FM Bakoyiannis' query) that it was not the time to consider Iranian gas. Karamanlis told the Deputy Secretary he looked forward to visiting Washington, and to inclusion of Greece in the Visa Waiver Program. END SUMMARY.

STRATEGIC VISION: COOPERATION ON GLOBAL CHALLENGES . . .

¶2. (C) Deputy Secretary Steinberg outlined the administration's strategic vision for increasing engagement with Greece by focusing not only on regional issues but also on global challenges. President Obama saw an opportunity for us to work more closely on issues such as non-proliferation, counter-piracy efforts, and outreach to the Islamic world. PM Karamanlis agreed; the U.S. and Greece had many shared interests, both global and regional.

. . . IN THE BALKANS . . .

¶3. (C) In the Balkans, Karamanlis said his strategy was to ensure peace and prosperity through integration of these countries into Euro-Atlantic structures. But the "FYROM" issue remained problematic. In practical terms, the relationship was good: Greece was Macedonia's number one investor and primary trade partner. In principle, Greece supported Macedonia's efforts to join NATO and the EU, but the name issue needed to be resolved. A few years ago, his government had taken a major step by agreeing to accept a "compound name" -- Macedonia plus an "adjective." This

had cost his party votes in northern Greece. Now the government in Skopje had increased its nationalist rhetoric. A new effort was needed.

14. (C) The Deputy Secretary told Karamanlis that his next stop was Skopje; he had also discussed the issue with UN mediator Nimetz before leaving Washington. The Deputy Secretary suggested that, following the June 7 European Parliament elections, both sides should send a representative - one they trusted -- to New York for confidential discussions to re-energize the process. FM Bakoyiannis argued that the main problem was Gruevski, who did not trust his negotiator or his Minister of Foreign Affairs. Gruevski must be persuaded. Karamanlis said the same, asking the Deputy Secretary to "talk sense" to Gruevski. The Deputy Secretary told Karamanlis he would stress, to Gruevski, that this was an important opportunity to engage, while encouraging "both sides" to work toward a solution.

15. (C) In addition, the Deputy Secretary noted that the Vice President would be in Bosnia and Belgrade the following week. We needed to work together, to get Bosnia back on track, and further Serbia's integration into Europe. Karamanlis believed last year's Serbian election results had been positive. The most moderate part of Serbian society now had the upper hand - a point Karamanlis was making to his European colleagues. But, FM Bakoyiannis added wryly, Greece could not persuade the Dutch. In her view, the Serbs needed to see movement from the EU on a Stabilization Agreement and visa liberalization. For the moment, they did not feel "wanted" by Europe. Managing the Dutch would be key. The Deputy Secretary

agreed, while noting that progress would not be easy.

. . . ON GREEK-TURKISH RELATIONS . . .

16. (C) Karamanlis told the Deputy Secretary that he continued to work for full normalization of Greek-Turkish relations. There had been progress on some issues: the Turkey-Greece-Italy gas pipeline, tourism, investments, trade. On others - the continental shelf, definition of territorial waters - both sides were careful not to provoke the other. But in some areas, the relationship had deteriorated. This year, Turkey's overflights of inhabited Greek islands had increased. So far, Greece had taken a low-key approach in response, consistent with its support for Turkey's EU accession. But progress on the "causus belli", the Patriarchate, and Halki Seminary was slow or non-existent. Karamanlis was clear: Greece was not going to change its strategy of supporting Turkey's EU course. But Turkey's actions made that increasingly difficult.

17. (C) On Cyprus, Karamanlis noted that, left alone, the leaders of the two communities would be able to find a solution ("the two old leftists have much in common"). The unfortunate election results in the North made it more difficult, but for the Turkish-Cypriot side, Ankara's position was critical. Even with its EU progress up for review in December, Karamanlis emphasized, Turkey maintained an intractable position on Cyprus and had not implemented the Ankara Protocol. Karamanlis had begun to question whether PM Erdogan could truly deliver reforms.

18. (C) The Deputy Secretary told Karamanlis that the U.S. had underscored to Ankara our concern about the risk posed by overflights. We were prepared to help lower tensions. In preparation for the EU's consideration of Turkey in December, there was a real opportunity for progress, including on the Cyprus issue. That would make Greece's advice to the Greek-Cypriots particularly

important. The U.S. did not see itself as an intermediary; the two sides would need to work out a solution together. We would welcome Greece's ideas in the run-up to the EU meeting in December.

. . . IN AFGHANISTAN . . .

¶9. (C) The Deputy Secretary thanked Karamanlis for Greece's military contributions to Alliance operations in Afghanistan. It was essential to create capacity in the Afghan government, which made training for police and the armed forces critical, and additional support would be welcomed. Karamanlis shared the view that Afghanistan was a test for the Alliance and "what we can do, we will." FM Bakoyiannis added that, on the civilian side, she was preparing some programs to focus on women's issues, including education for girls. She hoped to be able to implement the program by September.

. . . AND ENERGY DIVERSITY

¶10. (C) The Deputy Secretary emphasized that the President was focused on energy issues; the U.S. was working closely with concerned states on gas supply issues in the Caucasus. FM Bakoyiannis asked about the possibility of tapping Iranian gas to increase diversity of supplies for Europe. The Deputy Secretary stated that we were not yet at that point. Iranian pursuit of nuclear weapons would have a negative impact on the region and its neighbors. It was not just an Israeli problem, but also involved the Arab states. There had not yet been much response to President Obama's gestures. Given Iran's upcoming elections, it was too soon for us to draw conclusions - but the clock was ticking. We were also looking for a response to the P5+1 proposals. We could not wait indefinitely. For that reason, it was not the time to move on Iranian gas.

¶11. (C) Karamanlis agreed that energy diversity was important. Like most of Europe, Greece was dependent on Russia, but that was changing. Greece was expanding its use of LNG, and was considering building a second LNG station. Given the strength of Greece's shipping industry, it could be a useful step forward. The Deputy Secretary welcomed Greece's work in that direction.

COUNTER-PIRACY, VWP

¶12. (C) The Deputy Secretary expressed U.S. appreciation for Greece's counter-piracy efforts. NATO-EU collaboration was important, working with countries on deterrence strategies. Within a month, we hoped to be able to adopt a set of best practices for dissemination to shipowners, and move away from ransoms to a "no concessions" policy. Karamanlis agreed that this was in Greece's national interest.

¶13. (C) Karamanlis told the Deputy Secretary that he looked forward to setting a date for his Washington visit, and pressed for Greece's swift inclusion in the Visa Waiver Program. The Deputy Secretary told Karamanlis VWP negotiations were on track. The early-May negotiating session in Washington between the U.S.-Greece teams had gone well, and broken through many logjams. D noted he himself had pressed DHS to move forward on remaining steps quickly; we wanted the process to be completed by the fall.

COMMENT

¶14. (C) In the visit, the Prime Minister was clearly building on his positive first meeting with the President in April. He was also anxious to capitalize on the new positive attitude toward the U.S. in Greece, welcoming greater cooperation at every turn. The challenge will be turning these warm feelings toward concrete results. While VWP is at the top of his agenda, we will also follow up on the PM's commitment to do what they can to help in Afghanistan. His unwavering message of support for Turkey's EU accession path is noteworthy given the rising tensions in the Aegean and will become more important as we move toward the EU review in late fall. However, turning down the heat in the Aegean will be important in ensuring he has the political wherewithal to follow up on this commitment.

¶15. (U/C) Deputy Secretary Steinberg has cleared this cable.
SPECKHARD